



Steven L. Beshear  
Governor

Robert D. Vance, Secretary  
Environmental and Public  
Protection Cabinet

Larry R. Bond  
Commissioner  
Department of Public Protection

Lisa D. Steinkuhl  
Duke Energy Kentucky, Inc.  
139 East Fourth Street, EX 400  
Cincinnati, OH 45202

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

John W. Clay  
Vice Chairman

Caroline Pitt Clark  
Commissioner

May 23, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2008-00168  
Duke Energy Kentucky, Inc.

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on May 23, 2008.

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Executive Director

SS/rs  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF PURCHASED GAS            )  
ADJUSTMENT FILING OF DUKE        )    CASE NO. 2008-00168  
ENERGY KENTUCKY, INC.             )

O R D E R

On February 2, 2006, in Case No. 2005-00042,<sup>1</sup> the Commission approved rates for Duke Energy Kentucky, Inc. ("Duke") and provided for their further adjustment in accordance with Duke's Gas Cost Adjustment ("GCA") clause.

On May 9, 2008, Duke filed its GCA to be effective May 30, 2008. Duke previously obtained Commission approval to file its GCA within 20 days of the proposed effective date.<sup>2</sup>

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Duke's notice includes rates designed to pass on to its customers its expected change in wholesale gas costs.

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<sup>1</sup> Case No. 2005-00042, Adjustment of the Gas Rates of The Union Light, Heat and Power Company. On October 1, 2006, Union Light, Heat and Power Company amended its name to Duke Energy Kentucky, Inc.

<sup>2</sup> Case No. 2003-00386, The Application of The Union Light, Heat and Power Company for Authority to Make Monthly Adjustments to the Expected Gas Cost Component of Its Gas Cost Adjustment Rate, Order dated November 6, 2003.

2. Duke's Expected Gas Cost ("EGC") is \$11.243 per Mcf, which is a decrease of \$.042 per Mcf from its previous EGC of \$11.285.

3. Duke's notice sets out a current quarter Refund Adjustment ("RA") of (.001) per Mcf. Duke's notice sets out a total RA of (\$.001) per Mcf, which is a decrease of (\$.001) per Mcf from its previous total RA.

4. Duke's notice sets out a current quarter Actual Adjustment ("AA") of \$.213 per Mcf. Duke's notice sets out a total AA of \$.344 per Mcf, which is a decrease of \$.247 per Mcf from its previous total AA.

5. Duke's notice sets out a current quarter Balancing Adjustment ("BA") of \$.086 per Mcf. Duke's notice sets out a total BA of \$.037 per Mcf, which is an increase of \$.005 per Mcf from its previous total BA.

6. Duke's Gas Cost Recovery Rate ("GCR") is \$11.623 per Mcf, which is a decrease of \$.285 per Mcf from its previous GCR of \$11.908.

7. The rates in the Appendix to this Order are fair, just, and reasonable, and should be approved for final meter readings by Duke on and after May 30, 2008.

IT IS THEREFORE ORDERED that:

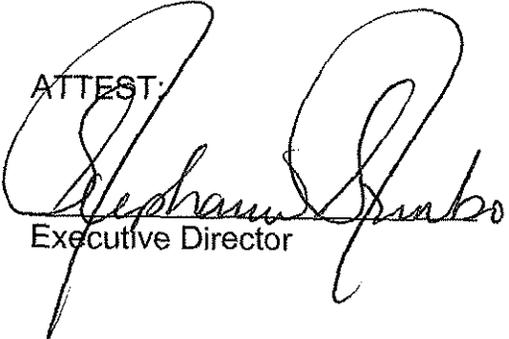
1. The rates in the Appendix to this Order are approved for final meter readings on and after May 30, 2008.

2. Within 20 days from the date of this Order, Duke shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 23rd day of May, 2008.

By the Commission

ATTEST:

  
Executive Director

Case No. 2008-00168

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00168 DATED MAY 23, 2008

The following rates and charges are prescribed for the customers served by Duke Energy Kentucky, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

GAS SERVICE RATES

RATE RS  
RESIDENTIAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$0.26687	plus	\$1.1623	\$1.42917

RATE GS  
GENERAL SERVICE

	<u>Base Rate</u>		<u>Gas Cost Adjustment</u>	<u>Total Rate</u>
Commodity Charge for All Ccf Consumed	\$0.20949		\$1.1623	\$1.37179

RIDER GCAT  
GAS COST ADJUSTMENT TRANSITION RIDER

The amount of this charge (or credit) shall be \$.0380 per 100 cubic feet. This rate shall be in effect during the months of June 2008 through August 2008 and shall be updated quarterly, concurrent with the Company's GCA filings.